



Department of Defense



***National Security
Personnel System***

Department of Defense
National Security Personnel System
Overview of Final Regulations

October 2005



Why NSPS?

- Advance DoD's critical national security mission
- Respond swiftly and decisively to National security threats and other missions
- Accelerate DoD's efforts to create a Total Force
- Retain and attract talented and motivated employees committed to excellence
- Compensate and reward employees based on performance and mission contribution
- Expand DoDs' ability to hire more quickly and offer competitive salaries



What is NSPS?

- **Performance management system that:**
 - Values performance and contribution
 - Encourages communication
 - Supports broader skill development
 - Promotes excellence
- **Streamlined and more responsive hiring process**
- **Flexibility in assigning work**
- **Preserves employee benefits, rights and protections**
- **Preserves rights of employees to join a union and bargain collectively**
- **Provides tools to shape a more effective and efficient workforce**

DoD's Flexible and Responsive Civilian Personnel System



Who is covered by NSPS?

■ NSPS Human Resources System

- Vast majority of DoD employees eligible for coverage
 - ✓ initially applies only to selected GS/GM and Acquisition Demo employees in Spiral One organizations
 - ✓ Employees in special pay/classification systems (e.g., wage grade) will be phased in later
- Certain categories excluded (e.g. intelligence personnel, Defense Labs listed in NSPS law)

■ NSPS Labor Relations System

- Applies to all employees and labor organizations currently covered by Chapter 71, title 5
- Will be implemented across entire Department when final regulations are effective

Vast majority of DoD civilian employees



Major Design Elements of NSPS

Human Resources System

- **Classification**
 - Simple, flexible
- **Compensation**
 - Performance based, market sensitive
- **Performance management**
 - Linked to agency mission
- **Staffing**
 - The right person, in the right place, at the right time
- **Workforce Shaping**
 - Streamlined, mission responsive
- **Adverse Action and Appeals**
 - Streamlined for greater accountability, preserves due process

Labor Relations System

- **Balance employee rights to representation with agency mission requirements**



Proposed Compensation Architecture

STANDARD CAREER GROUP <ul style="list-style-type: none">■ Professional/Analytical■ Tech/Support■ Student Employment■ Supervisor/Manager <p>71% of DoD white collar workforce</p>	INVESTIGATIVE & PROTECTIVE SERVICES CAREER GROUP <ul style="list-style-type: none">■ Investigative■ Fire Protection■ Police/Guard■ Supervisor/Manager <p>6% of DoD white collar workforce</p>
SCIENTIFIC & ENGINEERING CAREER GROUP <ul style="list-style-type: none">■ Professional■ Tech/Support■ Supervisor/Manager <p>18% of DoD white collar workforce</p>	MEDICAL CAREER GROUP <ul style="list-style-type: none">■ Physician/Dentist■ Professional■ Tech/Support■ Supervisor/Manager <p>5% of DoD white collar workforce</p>



Components of Pay

Performance Based Pay

- Annual pay raises or bonuses based on performance
- High performing employees can get higher pay raises
- Employees must perform acceptably to get any increase

Rate Range Increases

- Nation wide salary adjustments, may vary by pay band
- Employees must perform acceptably to get any increase

Local Market Supplement Increases

- Similar to locality pay - addition to base pay
- Based on geographic or occupation market conditions
- In given area can differ from one occupation to another
- Employees must perform acceptably to get any increase

Other Features

- Rate ranges and local market supplements are reviewed annually*
- 6% minimum salary increase for promotions*

Pay bands replace General Schedule



Performance Management

■ Employees:

- Will clearly know what is expected of them
- Should have confidence in their managers' ability to recognize and distinguish levels of performance
- Are accountable for their performance and conduct
- Should expect the quality of their performance and contributions to drive their salary increases
- Will receive written performance plans and annual performance evaluations*
- Will be evaluated based on benchmarks for Department-wide standard performance factors and competencies
- Can seek reconsideration of performance ratings through administrative or negotiated grievance process *

Links Individual Goals to Mission Objectives



Staffing and Employment

- DoD hiring authorities provide more flexibility to respond to mission changes
- Hiring process streamlined
- Pay setting flexibilities increase ability to retain and attract quality candidates
- DoD qualification requirements recognize unique mission
- Longer probationary periods for some occupational categories allow more time to evaluate new employees*
- Veterans' preference rights protected

Streamlined promotion and hiring process



Workforce Shaping

- Streamlined, mission responsive
- Four retention factors remain, and are considered in this order:
 - Tenure
 - Veterans' Preference
 - Performance
 - Seniority
- Multiple years' performance credit for reduction in force*
- Two years of retained pay for displaced employees*
- Less disruptive to employees and mission

More emphasis on performance



Adverse Actions

- **Single process for actions based on performance or conduct**
 - Provides a 15-day notification period for adverse actions
- **Allows Mandatory Removal Offenses**
 - To be determined
 - Must be publicized in the Federal Register *
 - Regularly made known to all employees*
- **Preserves employee's right to:**
 - Due process
 - Ability to grieve to arbitration
 - Appeal to Merit Systems Protection Board

Streamlined Process



Appeals

- Establishes expedited adverse actions appeals process
 - Third parties may mitigate agency determined penalties in limited circumstances*
 - Mitigation standard similar to that recognized by Federal Circuit Court
 - Deference given to DoD national security mission when third party makes decisions
- Single burden of proof standard: preponderance
- Provides for DoD review of arbitrator and Merit Systems Protection Board (MSPB) Administrative Judge decisions that lead to final Department decision
- Full MSPB and judicial review retained



Labor Relations System

- **Recognizes our national security mission and the need to act swiftly**
 - Ability to act swiftly is necessary even in meeting day-to-day operational demands
 - Flexibility is necessary to respond to a variety of vital operational challenges
- **Preserves local collective bargaining with limitations on scope of bargaining, such as:**
 - Permitting management to act and bargain on a post-implementation basis
 - Establishing time limits for bargaining process
- **Provides for national level and multi-unit collective bargaining**
- **Preserves collective bargaining and permits bargaining on a variety of operational matters if Secretary determines that bargaining advances Department's mission accomplishment or promotes organizational effectiveness***



Labor Relations System

- **NSPS provides an opportunity for greater union involvement in workforce issues**
 - **Continuing collaboration provides an avenue for union input in human resources areas, including areas previously excluded by law or other agency rules**
 - **Local consultation provides for a collaborative, issue based approach on matters where bargaining is otherwise restricted**



National Security Labor Relations Board (NSLRB)

- **Resolve issues between management and employee representatives, includes:**
 - Scope of bargaining
 - Unfair labor practice charges
 - Duty to bargain in good faith
 - Negotiation impasses
 - Exceptions to arbitration awards
- **Secretary appoints at least three members who are:**
 - Distinguished citizens of the United States
 - Known for their integrity, impartiality, and/or expertise in labor relations and/or national security matters
- **Appointment of chair and members**
 - Secretary, in his/her sole discretion, appoints the Chair
 - DoD labor unions can submit nominations for consideration as members of the NSLRB*



Summary of Significant Changes

Compensation – Pay

- Establishes minimum 6% salary increase in promotions
- Annual review of salary ranges and local market supplements

Performance

- Requires written performance standards and annual performance evaluations
- Performance ratings can be challenged through an administrative or negotiated grievance process

Workforce Shaping

- Requires use of multiple years of performance ratings for reduction in force
- Provides two years of retained pay for displaced employees



Adverse Actions and Appeals

- Mitigation standard similar to that recognized by Federal Circuit Court
- Mandatory Removal Offenses must be publicized in Federal Register and regularly made known to all employees

Labor Relations

- Preserves collective bargaining and permits bargaining on a variety of operational matters if the Secretary determines that bargaining would advance the Department's mission accomplishment or promote organizational effectiveness

Implementing Issuances

- Limits who can issue NSPS implementing issuances to
 - Secretary of Defense, Deputy Secretary, Principal Staff Assistants, such as Under Secretaries of Defense, or Secretaries of Military Departments



Comprehensive Training Plan

■ Learning objectives

- Teach skills and behaviors to implement and sustain NSPS
- Educate employees about NSPS

■ Dual focused

- Soft Skills already underway
- Specialized training for all functional areas
 - ✓ Classroom sessions
 - ✓ Web based courses
 - ✓ “Fundamentals of NSPS”
 - ✓ “NSPS 101”
 - ✓ Periodic printed materials
 - ✓ Brochures
 - ✓ Pamphlets



When Will NSPS Happen?

Early FY 2006

- Implement Labor Relations System across DoD for employees covered by Chapter 71 of title 5
- Commence training for employees, managers, supervisors, and HR practitioners

Early CY 2006

- General Pay Increase for all eligible civilian employees
- Implement Spiral 1.1, ~65,000 employees
- Phase in new performance standards
- Pay banding and staffing flexibilities phased in

Spring 2006

- Implement Spiral 1.2, ~47,000 employees

Fall 2006

- Performance cycle ends for Spirals 1.1 and 1.2
- Implement Spiral 1.3, ~160,000 employees

Early CY 2007

- First NSPS performance-based payout for Spirals 1.1 and 1.2

Early CY 2008

- First performance-based payout for Spiral 1.3



Summary

- A modern, flexible, and agile human resources system
 - Responsive to the national security environment
 - Preserves employee protections and benefits

*“NSPS is a win-win-win system ...
a win for our employees, a win for our
military and a win for our Nation.”*

*Honorable Gordon R. England
NSPS Senior Executive*



Back Up Slides



Continuing Role of OPM

- **DoD will coordinate with OPM on:**
 - **Classification standards**
 - **Qualification standards**
 - **Appointing authorities**
 - **Occupational structure and pay bands**
 - **Adjusting pay ranges and local market supplements**
 - **Modify coverage and retention procedures for workforce shaping**
 - **Expanding beyond initial 300,000**